

# JF Provident Global Bond Fund

Audited Annual Report  
30 June 2011

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This report does not constitute an offer of any units in the fund forming the subject matter of this document (the "Fund"). Subscriptions are only valid if made on the basis of the current explanatory memorandum (or equivalent), supplemented by the most recent financial report.

**Statement of Responsibilities of the Manager and the Trustee****Manager's responsibilities**

The Manager of the Fund is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

**Trustee's responsibilities**

The Trustee of the Fund is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

**Report of the Trustee to the Unitholders**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 20 September 2006 for the year ended 30 June 2011.

For and on behalf of  
Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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**Independent Auditor's Report**

To the Unitholders of JF Provident Global Bond Fund (the "Fund")

**Report on the financial statements**

We have audited the accompanying financial statements of the Fund set out on pages 4 to 17, which comprise the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 20 September 2006, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2011, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**Report on other legal and regulatory disclosure requirements**

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers  
Cayman Islands,  
13 October 2011

Statement of Financial Position  
As at 30 June 2011

|   | 2011<br>HK\$        | 2010<br>HK\$        |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| Cash at banks   | 805,952             | 227,583             |
| Amounts receivable on allotment   | 991,549             | 195,782             |
| Investments [Note 4(l)(a)]  | 27,751,261          | 21,454,812          |
|   | <u>29,548,762</u>   | <u>21,878,177</u>   |
| <b>Total assets</b>   | -----<br>29,548,762 | -----<br>21,878,177 |
| <b>Liabilities</b>  |                     |                     |
| Amounts due to brokers  | 450,000             | -                   |
| Other accounts payable  | 88,177              | 80,494              |
|   | <u>538,177</u>      | <u>80,494</u>       |
| <b>Liabilities (excluding net assets attributable to holders of redeemable units)</b> | -----<br>538,177    | -----<br>80,494     |
| <b>Net assets attributable to holders of redeemable units</b> [Note 3]                | <u>29,010,585</u>   | <u>21,797,683</u>   |

Approved by the Trustee and the Manager on 13 October 2011

Signed By:

For and on behalf of Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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For and on behalf of JPMorgan Funds (Asia) Limited, Manager

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Statement of Comprehensive Income  
For the year ended 30 June 2011

|  | 2011<br>HK\$     | 2010<br>HK\$   |
|--|------------------|----------------|
| <b>Income</b>  |                  |                |
| Net gains on investments [Note 5]  | 1,876,438        | 811,814        |
| Net foreign currency exchange (losses)/gains   | (15)             | 314            |
|  | <u>1,876,423</u> | <u>812,128</u> |
|  | -----            | -----          |
| <b>Expenses</b>  |                  |                |
| Management fee [Note 7(f)]   | 196,727          | 149,936        |
| Legal and professional expenses  | 154,858          | 514            |
| Auditor's fee  | 67,748           | 64,325         |
| Administration fee [Note 7(g)]   | 24,394           | 21,434         |
| Printing and publication expenses  | 4,444            | 4,151          |
| Transaction costs  | 4,000            | 3,095          |
| Safe custody and bank charges  | 867              | 495            |
| Trustee's fee [Note 8]   | 423              | 288            |
| Other operating expenses   | 41,381           | 40,005         |
|  | <u>494,842</u>   | <u>284,243</u> |
|  | -----            | -----          |
| <b>Net operating profit</b>  | 1,381,581        | 527,885        |
| <b>Finance costs</b>   |                  |                |
| Interest paid  | (5)              | -              |
|  | <u>1,381,576</u> | <u>527,885</u> |
|  | =====            | =====          |
| <b>Increase in net assets attributable to holders of redeemable units and total comprehensive income</b> | <u>1,381,576</u> | <u>527,885</u> |

*The notes on pages 8 to 17 form part of these financial statements.*

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units  
For the year ended 30 June 2011

|  | 2011<br>HK\$             | 2010<br>HK\$             |
|--|--------------------------|--------------------------|
| Net assets attributable to holders of redeemable units at the beginning of the year                      | 21,797,683               | 17,466,220               |
|  | -----                    | -----                    |
| Allotment of redeemable units [Note 3]   | 18,164,317               | 10,749,631               |
| Redemption of redeemable units [Note 3]  | (12,332,991)             | (6,946,053)              |
| <b>Net allotment</b>   | <u>5,831,326</u>         | <u>3,803,578</u>         |
|  | -----                    | -----                    |
|  | 27,629,009               | 21,269,798               |
| <b>Increase in net assets attributable to holders of redeemable units and total comprehensive income</b> | <u>1,381,576</u>         | <u>527,885</u>           |
|  | -----                    | -----                    |
| Net assets attributable to holders of redeemable units at the end of the year                            | <u><u>29,010,585</u></u> | <u><u>21,797,683</u></u> |

*The notes on pages 8 to 17 form part of these financial statements.*

Statement of Cash Flows  
For the year ended 30 June 2011

|   | 2011<br>HK\$          | 2010<br>HK\$          |
|---|-----------------------|-----------------------|
| <b>Operating activities</b>                               |                       |                       |
| Purchase of investments                                   | (11,200,007)          | (6,975,005)           |
| Proceeds from disposal of investments                     | 7,229,996             | 3,649,300             |
| Trustee's fee paid  | (407)                 | (253)                 |
| Transaction costs paid                                    | (3,720)               | (3,405)               |
| Administration fee paid                                   | (24,437)              | (21,304)              |
| Management fee paid                                       | (192,720)             | (147,946)             |
| Others  | (265,881)             | (97,180)              |
| <b>Net cash outflow from operating activities</b>         | <u>(4,457,176)</u>    | <u>(3,595,793)</u>    |
|   | -----                 | -----                 |
| <b>Financing activities</b>                               |                       |                       |
| Interest paid   | (5)                   | -                     |
| Receipts on allotment of redeemable units                 | 17,368,550            | 10,553,849            |
| Payments on redemption of redeemable units                | (12,332,991)          | (6,946,053)           |
| <b>Net cash inflow from financing activities</b>          | <u>5,035,554</u>      | <u>3,607,796</u>      |
|   | -----                 | -----                 |
| <b>Increase in cash and cash equivalents</b>              | 578,378               | 12,003                |
| Cash and cash equivalents at the beginning of the year    | 227,583               | 215,571               |
| Exchange (losses)/gains on cash and cash equivalents      | (9)                   | 9                     |
| <b>Cash and cash equivalents at the end of the year</b>   | <u><u>805,952</u></u> | <u><u>227,583</u></u> |
|   | =====                 | =====                 |
| <b>Analysis of balances of cash and cash equivalents:</b> |                       |                       |
| Cash at banks   | <u>805,952</u>        | <u>227,583</u>        |
|   | =====                 | =====                 |

The notes on pages 8 to 17 form part of these financial statements.

## Notes to the Financial Statements

### 1 The Fund

JF Provident Global Bond Fund (the "Fund") was established under a Trust Deed dated 20 September 2006, and is governed by the laws of the Cayman Islands. The Fund is authorized by the Securities and Futures Commission of Hong Kong ("SFC").

The Fund is a feeder fund investing solely in the units of JF SAR Global Bond Fund (the "Master Fund"), a collective investment scheme managed by JF Asset Management Limited, a Connected Person of the Manager. The primary investment objective of the Fund is to maximize its long-term capital appreciation in Hong Kong dollar terms.

The investment objective of the Master Fund is to provide investors with long-term capital growth in United States dollar terms through a portfolio consisting primarily of international bonds of developed markets.

The Fund offers two classes of units, administration units and investment units. All unitholders' rights with regard to the convening, voting or otherwise acting at any meeting of unitholders are the same.

### 2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation of financial statements

The financial statements of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the "Management") to exercise their judgment in the process of applying the Fund's accounting policies.

#### *New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund*

HKFRS 9, "Financial Instruments" issued in November 2009. This standard is the first step in the process to replace Hong Kong Accounting Standard ("HKAS") 39, "Financial Instruments: Recognition and Measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets. In the fourth quarter of 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has released additions to HKFRS 9 dealing with financial liabilities. The additions, which are part of the HKICPA's plan to replace HKAS 39, retain most of the HKAS 39's requirements for financial liabilities. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

HKFRS 13, "Fair Value Measurement" issued in June 2011. This standard introduces guidance for defining and measuring fair value. It also requires for additional disclosures about fair value measurements so as to enhance the comparability of information reported in the financial statements. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

#### (b) Investments

##### *Classification*

The Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets or financial liabilities are held-for-trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or short-term profit taking.

##### *Recognition, derecognition and measurement*

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognized at fair value and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

*Fair value estimation*

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the relevant funds.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**(d) Income and expense**

Interest income on cash at banks and short term deposits is accounted for in the Statement of Comprehensive Income on an effective interest basis.

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

**(e) Foreign currency translation***Functional and presentation currency*

The Fund has adopted Hong Kong dollar as its functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net foreign currency exchange gains/losses". Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net gains/losses on investments".

**(f) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at banks and bank deposits with maturity of three months or less from the date of placing the deposits, net of certain short term bank loans which the Fund usually undertakes as overnight bank borrowings.

**(g) Amounts due from/to brokers**

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

**(h) Proceeds and payments on allotment and redemption of units**

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day in accordance with the provisions of the Fund's Trust Deed dated 20 September 2006 which may be different from the accounting policies stated in the financial statements.

Units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to holders of redeemable units (or "net asset value", "net assets" or "NAV") and is carried at the redemption amount that would be payable at the Statement of Financial Position date if the holders of redeemable units exercised the right to redeem units of the Fund.

**3 Number of units in issue and net assets attributable to holders of redeemable units (per unit)**

|  | 2011                |                         | 2010                |                         |
|--|---------------------|-------------------------|---------------------|-------------------------|
|  | Investment<br>Units | Administration<br>Units | Investment<br>Units | Administration<br>Units |
| Number of units in issue:  |                     |                         |                     |                         |
| At the beginning of the year   | 170,073.245         | 41,961.100              | 139,385.044         | 35,984.935              |
| Total allotments   | 111,024.757         | 58,984.848              | 76,506.556          | 28,461.715              |
| Total redemptions  | (58,195.940)        | (57,931.091)            | (45,818.355)        | (22,485.550)            |
| At the end of the year   | <u>222,902.062</u>  | <u>43,014.857</u>       | <u>170,073.245</u>  | <u>41,961.100</u>       |
|  | HK\$                | HK\$                    | HK\$                | HK\$                    |
| Net assets attributable to holders of redeemable units               | <u>24,428,489</u>   | <u>4,582,096</u>        | <u>17,560,975</u>   | <u>4,236,708</u>        |
| Net assets attributable to holders of redeemable units<br>(per unit) | <u>109.59</u>       | <u>106.52</u>           | <u>103.26</u>       | <u>100.97</u>           |

Holders of investment units are only entitled to investment management services from the Manager. Holders of administration units are also entitled to other administrative services provided by the Manager upon payment of the administration fee, which is deducted from the share of net assets of the respective units.

**4 Financial risk management****(I) Financial risk factors**

The Fund solely invests in a collective investment scheme - JF SAR Global Bond Fund which is managed by the Fund's Investment Manager. The Master Fund invests in the money markets of major countries such as the United States. The Fund's activities therefore expose it to the same financial risks to which the Master Fund is exposed to, i.e. market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

As at 30 June 2011, the Fund owned 0.63% (2010: 0.53 %) of the Master Fund's net assets attributable to the holders of redeemable units.

The Master Fund has adopted United States dollar as its functional and presentation currency. The Fund's exposures in the Master Fund are translated into Hong Kong dollar, which is the functional and presentation currency of the Fund, using the year end exchange rate. As at 30 June 2011, the exchange rate of United States dollar against Hong Kong dollar is 7.7813 (2010: 7.7872).

**(a) Market risk****(i) Market price risk**

The Master Fund primarily invests in debt securities which are subject to interest rate risk. Refer to Note 4(l)(a)(ii) for interest rate risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

**The Fund**

The Fund is a feeder fund investing substantially all of its assets in the Master Fund and thus its investment is not directly exposed to interest rate risk. The Fund's bank deposits are exposed to interest rate risk which is considered to be minimal as these interest bearing assets are short term in nature, changes in their fair values in the event of a change in interest rate will not be material.

The Master Fund

The Master Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments and cash deposits.

The table below summarizes the Master Fund's financial assets and liabilities as at 30 June which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorized by remaining maturity dates.

|                                | Less than<br>1 year<br>HK\$ | 1-5 years<br>HK\$    | Over 5 years<br>HK\$ | Total<br>HK\$        |
|--------------------------------|-----------------------------|----------------------|----------------------|----------------------|
| <u>2011</u>                    |                             |                      |                      |                      |
| Cash at banks                  | 8,605,861                   | -                    | -                    | 8,605,861            |
| Short term deposits            | 166,519,820                 | -                    | -                    | 166,519,820          |
| Investments (Note*)            | 238,038,721                 | 1,617,667,211        | 2,428,917,707        | 4,284,623,639        |
| Total interest sensitivity gap | <u>413,164,402</u>          | <u>1,617,667,211</u> | <u>2,428,917,707</u> | <u>4,459,749,320</u> |

2010

|                                |                    |                      |                      |                      |
|--------------------------------|--------------------|----------------------|----------------------|----------------------|
| Cash at banks                  | 153,439,324        | -                    | -                    | 153,439,324          |
| Investments (Note*)            | 190,078,808        | 1,799,324,916        | 1,859,324,288        | 3,848,728,012        |
| Total interest sensitivity gap | <u>343,518,132</u> | <u>1,799,324,916</u> | <u>1,859,324,288</u> | <u>4,002,167,336</u> |

Note:

\* The coupon rate of the investments ranged between 1.35% p.a. - 10.00% p.a. (2010: 0.63% p.a. - 9.25% p.a.).

As at 30 June, the Master Fund's fair value of investments and forward foreign exchange contracts were as follows:

|                                    | <u>2011</u>                          |                       | <u>2010</u>                          |                       |
|------------------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| Listed/Quoted Investments          | Fair value of<br>investments<br>HK\$ | % of<br>net<br>assets | Fair value of<br>investments<br>HK\$ | % of<br>net<br>assets |
| <u>Assets</u>                      |                                      |                       |                                      |                       |
| <u>Debt Securities</u>             |                                      |                       |                                      |                       |
| - United States Dollar             | 1,612,005,397                        | 36.7                  | 1,492,204,702                        | 36.9                  |
| - Euro                             | 1,186,554,719                        | 27.0                  | 1,220,270,718                        | 30.2                  |
| - Japanese Yen                     | 884,169,316                          | 20.2                  | 657,211,887                          | 16.2                  |
| - Sterling                         | 283,271,480                          | 6.5                   | 271,156,269                          | 6.7                   |
| - Others                           | 318,622,727                          | 7.3                   | 207,884,436                          | 5.2                   |
|                                    | <u>4,284,623,639</u>                 | <u>97.7</u>           | <u>3,848,728,012</u>                 | <u>95.2</u>           |
| Forward foreign exchange contracts | -                                    | -                     | 44,577,647                           | 1.1                   |
|                                    | <u>4,284,623,639</u>                 | <u>97.7</u>           | <u>3,893,305,659</u>                 | <u>96.3</u>           |
| <u>Liabilities</u>                 |                                      |                       |                                      |                       |
| Forward foreign exchange contracts | (7,068,315)                          | (0.2)                 | -                                    | -                     |
| Total Listed/Quoted Investments    | <u>4,277,555,324</u>                 | <u>97.5</u>           | <u>3,893,305,659</u>                 | <u>96.3</u>           |

The Manager of the Master Fund monitors the Master Fund's interest rate risk sensitivity primarily through the modified duration of the Master Fund on a regular basis. The modified duration measures the sensitivity of the price of a bond relative to the change in interest rate. As at 30 June 2011, the Manager of the Master Fund estimates that the Master Fund has a modified duration of 5.78 (2010: 5.44). For the purpose of disclosing relevant sensitivities, the percentage of reasonable possible change in interest rate adopted is 25 basis points, which is based on the typical possible change of Fed Funds rate and does not include remote or "worst case" scenarios or "stress tests" nor represent the Master Fund Manager's forecast of the Master Fund's future returns. If the interest rates were to rise by 25 basis points with all other variables held constant, this would result in a decrease in net asset value of the Master Fund by approximately HK\$63,404,040 (2010: HK\$54,996,679). If the interest rates were to fall by 25 basis points, this would result in an increase in the net asset value of the Master Fund by the same amount.

**(iii) Currency risk**

The Fund

The Fund invests substantially all of its assets in the Master Fund in United States dollar denomination. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Investment Manager monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The Fund's other assets and liabilities are mainly denominated in United States dollar and Hong Kong dollar and are therefore not exposed to significant currency risk as the Hong Kong dollar is currently pegged to United States dollar.

The Master Fund

The Master Fund holds assets and liabilities denominated in a number of currencies. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Manager of the Master Fund monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The Master Fund enters in some forward foreign exchange contracts to hedge some of its foreign currency exposures to maintain limited exposure to non-US\$ currencies. The realized profits or losses are normally quoted and settled net in United States dollar.

The table below summarizes the Master Fund's exposure to currency risk as at 30 June together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net asset value.

|                    | US\$<br>equivalent | % of<br>reasonable<br>possible<br>change<br>against US\$<br>(Note**) | Estimated<br>impact on<br>net asset<br>value<br>US\$ |
|--------------------|--------------------|--|--|
| <u>2011</u>        |                    |  |  |
| Australian Dollar  | 4,692,091          | +26.8  | 1,257,480  |
| Canadian Dollar    | 11,292,145         | +10.1  | 1,140,507  |
| Euro               | 114,938,376        | +18.4  | 21,148,661   |
| Hong Kong Dollar   | 835                | +0.1   | 1  |
| Japanese Yen       | 81,241,064         | +9.6   | 7,799,142  |
| Korean Won         | 8,604,056          | +14.5  | 1,247,588  |
| Mexican Nuevo Peso | 8,256,499          | +9.9   | 817,393  |
| Sterling           | 21,643,055         | +7.3   | 1,579,943  |
| Swedish Kroner     | 2,480,432          | +23.3  | 577,941  |
|                    | 253,148,553        |  | 35,568,656   |

| Net currency exposures (Note*) | US\$<br>equivalent | % of<br>reasonable<br>possible<br>change<br>against US\$<br>(Note**) | Estimated<br>impact on<br>net asset<br>value<br>US\$ |
|--------------------------------|--------------------|--|--|
| <u>2010</u>                    |                    |  |  |
| Australian Dollar              | 2,628,448          | +4.5   | 118,280  |
| Canadian Dollar                | 11,831,192         | +9.3   | 1,100,301  |
| Euro                           | 104,022,229        | -12.7  | (13,210,823)   |
| Hong Kong Dollar               | 10,339             | -0.5   | (52)   |
| Japanese Yen                   | 72,884,302         | +9.0   | 6,559,587  |
| Korean Won                     | 7,370,725          | +4.3   | 316,941  |
| Sterling                       | 19,936,939         | -9.2   | (1,834,198)  |
|                                | 218,684,174        |  | (6,949,964)  |
|                                | 218,684,174        |  | (6,949,964)  |

If the foreign currency fluctuations were to move in the opposite direction, this would result in an opposite movement in the net asset value of the Master Fund by the same amount, assuming that all other variables are held constant.

Note:

\* Net currency exposures on assets and liabilities include both monetary and non-monetary assets and liabilities.

\*\* % of reasonable possible change is based on the actual historical change in the respective currencies against the functional currency of the Master Fund in the past 12 months and does not include remote or "worst case" scenarios or "stress tests" nor represent the Master Fund Manager's forecast of the Master Fund's future returns. In order to better reflect on the period over which reasonable possible change may take effect, the Master Fund Manager assessed and revised the calculation of % of reasonable possible change from using the actual historical change in the respective currencies against the functional currency of the Master Fund from in the past 3 months to 12 months.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due.

The Fund

As at 30 June, the Fund's maximum exposure to credit risk before any credit enhancements was as follows:

|                                 | 2011<br>HK\$ | 2010<br>HK\$ |
|---------------------------------|--------------|--------------|
| Cash at banks                   | 805,952      | 227,583      |
| Amounts receivable on allotment | 991,549      | 195,782      |
|                                 | 1,797,501    | 423,365      |
|                                 | 1,797,501    | 423,365      |

The table below summarizes the credit rating of the financial assets placed with banks as at 30 June.

|  | 2011<br>Exposure to<br>counterparties<br>HK\$ | 2010<br>Exposure to<br>counterparties<br>HK\$ |
|--|---|---|
| Bank balances<br>S&P(AA)/Moody's(Aa)/FITCH(AA) | 805,952                                       | 227,583                                       |
|  | 805,952                                       | 227,583                                       |

The Master Fund

As at 30 June, the Master Fund's maximum exposure to credit risk before any credit enhancements was as follows:

|  | 2011<br>HK\$         | 2010<br>HK\$         |
|--|----------------------|----------------------|
| Cash at banks                          | 8,605,861            | 153,439,324          |
| Short term deposits                    | 166,519,820          | -                    |
| Amounts due from brokers               | 44,934,992           | 5,495,863            |
| Amounts receivable on allotment        | 4,305,564            | 1,523,511            |
| Forward foreign exchange contracts     | 1,201,791            | 44,577,647           |
| Investments                            | 4,284,623,639        | 3,848,728,012        |
| Interest and other accounts receivable | 110,977              | 1,355                |
|  | <u>4,510,302,644</u> | <u>4,053,765,712</u> |

All transactions in listed investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Master Fund's custodian bank has received payment. For a purchase, payment is made once the investments have been received by the Master Fund's custodian bank. The trade will fail if either party fails to meet the obligation.

The Master Fund's investments are predominantly in debt securities and therefore the Master Fund is exposed to credit risk that the issuers may not be able to repay the principal amount and interest at maturity.

The table below summarizes the debt securities by credit rating as at 30 June.

|                                  | 2011<br>% of<br>net<br>assets | 2010<br>% of<br>net<br>assets |
|----------------------------------|-------------------------------|-------------------------------|
| S&P(AAA)/Moody's(Aaa)/FITCH(AAA) | 58.6                          | 55.2                          |
| S&P(AA)/Moody's(Aa)/FITCH(AA)    | 23.3                          | 26.7                          |
| S&P(A)/Moody's(A)/FITCH(A)       | 9.2                           | 11.9                          |
| S&P(BBB)/Moody's(Baa)/FITCH(BBB) | 5.7                           | 0.5                           |
| S&P(BB)/Moody's(Ba)/FITCH(BB)    | 0.9                           | 0.5                           |
| S&P(B)/Moody's(B)/FITCH(B)       | -                             | 0.4                           |
|                                  | <u>97.7</u>                   | <u>95.2</u>                   |

The table below summarizes the credit rating of the ultimate holding company of the custodian.

|   | 2011<br>Exposure to<br>counterparties<br>HK\$ | 2010<br>Exposure to<br>counterparties<br>HK\$ |
|---|---|---|
| Bank balances under the safekeeping of the custodian<br>S&P(AA)/Moody's(Aa)/FITCH(AA) | <u>8,605,861</u>                              | <u>153,439,324</u>                            |

**(c) Liquidity risk**

The Fund is exposed to daily redemption of units. As at 30 June 2011 and 2010, the Fund invests solely in collective investment scheme - JF SAR Global Bond Fund which allows daily redemption. The Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.

The table below summarizes the Fund's and the Master Fund's financial liabilities into relevant maturity groupings based on the remaining period as at 30 June to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The Fund

|  | 2011<br>Less than 1 month<br>HK\$ | 2010<br>Less than 1 month<br>HK\$ |
|--|-----------------------------------|-----------------------------------|
| Amounts due to brokers                                 | 450,000                           | -                                 |
| Other accounts payable                                 | 88,177                            | 80,494                            |
| Net assets attributable to holders of redeemable units | 29,010,585                        | 21,797,683                        |
|  | <hr/>                             | <hr/>                             |
| Total financial liabilities                            | 29,548,762                        | 21,878,177                        |
|  | <hr/> <hr/>                       | <hr/> <hr/>                       |

The Master Fund

|  | 2011<br>Less than 1 month<br>HK\$ | 2010<br>Less than 1 month<br>HK\$ |
|--|-----------------------------------|-----------------------------------|
| Bank overdraft   | 31,141                            | -                                 |
| Amounts due to brokers   | 114,409,201                       | 11,897,222                        |
| Amounts payable on redemption                                  | 2,172,625                         | 1,662,108                         |
| Forward foreign exchange contracts                             | 8,270,106                         | -                                 |
| Other accounts payable   | 1,283,915                         | 997,416                           |
| Net assets attributable to holders of redeemable units (Note*) | 4,387,822,679                     | 4,043,873,492                     |
|  | <hr/>                             | <hr/>                             |
| Total financial liabilities                                    | 4,513,989,667                     | 4,058,430,238                     |
|  | <hr/> <hr/>                       | <hr/> <hr/>                       |

Note:

- \* The Manager of the Master Fund may limit the total number of units redeemed on any dealing day to 10% or more of the current units in issue of any one class on any dealing day.

The Investment Manager manages the Fund's liquidity risk by investing predominantly in investments that the Investment Manager expects to be able to liquidate within 1 month to meet the total financial liabilities and making short term bank borrowing.

**(II) Capital risk management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable units which is subject to subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Management perform the following:

- Monitor subscriptions and redemptions activities relative to the liquid assets.
- To protect the interest of unitholders and in exceptional circumstances, the Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.
- Monitor fund investment guidelines and restrictions, in accordance with the constitutional documents, to maintain sufficient liquidity through diversification.

**(III) Fair value estimation**

As at 30 June 2011 and 2010, the Management consider that the carrying values of assets and liabilities were reasonable approximations of their fair value.

HKFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below summarizes the Fund's investments within the fair value hierarchy measured at fair value as at 30 June:

| Listed/Quoted Investments                                    | Level 1<br>HK\$   | Level 2<br>HK\$ | Level 3<br>HK\$ | Total<br>HK\$     |
|--|-------------------|-----------------|-----------------|-------------------|
| <u>2011</u>  |                   |                 |                 |                   |
| <u>Assets</u>  |                   |                 |                 |                   |
| Collective Investment Schemes                                | 27,751,261        | -               | -               | 27,751,261        |
| Total financial assets at fair value through profit and loss | <u>27,751,261</u> | <u>-</u>        | <u>-</u>        | <u>27,751,261</u> |
| <u>2010</u>  |                   |                 |                 |                   |
| <u>Assets</u>  |                   |                 |                 |                   |
| Collective Investment Schemes                                | 21,454,812        | -               | -               | 21,454,812        |
| Total financial assets at fair value through profit and loss | <u>21,454,812</u> | <u>-</u>        | <u>-</u>        | <u>21,454,812</u> |

## 5 Net gains on investments

|   | 2011<br>HK\$     | 2010<br>HK\$   |
|---|------------------|----------------|
| Change in unrealized gains/losses in value of investments | 1,212,619        | 552,394        |
| Realized gains on sale of investments                     | 663,819          | 259,420        |
|   | <u>1,876,438</u> | <u>811,814</u> |

## 6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Inland Revenue Ordinance.

Under current laws of the Cayman Islands, there are no income, capital gains or other taxes payable by the Fund. As a result, no provision for income taxes has been made in the financial statements.

## 7 Transactions with the Trustee and its affiliates and the Manager and its Connected Persons

The following is a summary of transactions entered into during the year between the Fund and the Trustee and its affiliates and the Manager and its Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

- (a) As stated in Note 1, the Fund is a feeder fund investing solely in the units of JF SAR Global Bond Fund which is issued and managed by the Fund's Investment Manager.

(b) Investment transactions with the Manager and its Connected Persons are set out below:

| Name of company               | Aggregate value of purchases and sales of investments<br>HK\$ | Commission paid<br>HK\$ | % of the Fund's total commission paid in the year | Average commission rate<br>% |
|-------------------------------|---|-------------------------|---|------------------------------|
| <u>2011</u>                   |   |                         |   |                              |
| JPMorgan Funds (Asia) Limited | 18,880,004  | -                       | -   | -                            |
| <u>2010</u>                   |   |                         |   |                              |
| JPMorgan Funds (Asia) Limited | 10,624,305  | -                       | -   | -                            |

(c) Balances with the Manager and its Connected Persons as at year end:

|                 | 2011<br>HK\$ | 2010<br>HK\$ |
|-----------------|--------------|--------------|
| Cash at banks   | 805,952      | 204,850      |
| Amounts payable | (470,320)    | (16,075)     |

As at 30 June 2011, the Fund's investment balance of HK\$27,751,261 (2010: HK\$21,454,812) represents the investments in the collective investment scheme issued and managed by a Connected Person of the Manager.

- (d) The Fund may utilize the brokerage, custodian, agency and banking services of the Trustee and its affiliates and the Manager and its Connected Persons.
- (e) For the year ended 30 June 2011, there was no income accruing to the Manager relating to allotments and redemptions in the Fund (2010: nil).
- (f) Management fee of 0.8% per annum of the net asset value of the Fund is paid to JPMorgan Funds (Asia) Limited. Management fee is accrued on each dealing day and is payable monthly in arrears.
- The manager of the JF SAR Funds has not charged a management fee in respect of the Class B units of the JF SAR Funds.
- (g) Administration fee of 0.6% per annum of the net asset value attributable to administration units of the Fund is paid to JPMorgan Funds (Asia) Limited. Administration fee is calculated daily and is payable monthly in arrears.
- (h) The Fund allows the Manager and its Connected Persons to subscribe for, and redeem, units of the Fund. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

## 8 Trustee's fee

Trustee's fee of 0.1% per annum of the net asset value of the Fund is paid to the Trustee. The trustee's fee of 0.1% per annum of the asset value of JF SAR Funds is waived since a trustee's fee of 0.08% (before 1 July 2010: 0.085%) per annum of the net asset value of JF SAR Funds is paid to the trustee of JF SAR Funds, a Connected Person of the Trustee. Trustee's fee is calculated daily and is payable quarterly in arrears.

## 9 Soft commission arrangements

During the year, the Investment Manager and its associates did not enter into any soft commission arrangements in connection with directing transactions of the Fund through a broker or dealer (2010: nil).

## 10 Distribution

No distribution was made during the year (2010: nil).

Investment Portfolio  
As at 30 June 2011 *(Unaudited)*

|   | Place of<br>establishment | Holding | Fair<br>value<br>HK\$ | % of<br>net<br>assets |
|---|---------------------------|---------|-----------------------|-----------------------|
| <b>Listed/Quoted Investments</b> (95.7%)                                      |                           |         |                       |                       |
| <b>Collective Investment Schemes</b> (95.7%)                                  |                           |         |                       |                       |
| <b>International</b> (95.7%)  |                           |         |                       |                       |
| JF SAR Global Bond Fund 'B' *   | Hong Kong                 | 179,308 | 27,751,261            | 95.7                  |
|   |                           |         | <hr/>                 | <hr/>                 |
| <b>Total Listed/Quoted Investments</b>  |                           |         | 27,751,261            | 95.7                  |
| <b>Other net assets</b>   |                           |         | 1,259,324             | 4.3                   |
|   |                           |         | <hr/>                 | <hr/>                 |
| <b>Net assets attributable to holders of redeemable units at 30 June 2011</b> |                           |         | 29,010,585            | 100.0                 |
|   |                           |         | <hr/> <hr/>           | <hr/> <hr/>           |
| <b>Total investments, at cost</b>   |                           |         | 24,980,035            |                       |
|   |                           |         | <hr/> <hr/>           |                       |

\* Issued and managed by a Connected Person of the Manager (refer to Note 7 for the definition of Connected Persons)

Note: Collective Investment Scheme listed above is quoted investment.

Statement of Movements in Portfolio Holdings  
For the year ended 30 June 2011 (*Unaudited*)

|  | % holdings<br>of net assets |                     |
|--|-----------------------------|---------------------|
|  | 2011                        | 2010                |
| Listed/Quoted Investments  |                             |                     |
| Collective Investment Schemes  |                             |                     |
| International  | 95.7                        | 98.4                |
| <b>Total Listed/Quoted Investments</b>                                   | <u>95.7</u>                 | <u>98.4</u>         |
| Other net assets   | 4.3                         | 1.6                 |
| <b>Net assets attributable to holders of redeemable units at 30 June</b> | <u><u>100.0</u></u>         | <u><u>100.0</u></u> |

Supplementary Information  
Investment Portfolio of JF SAR Global Bond Fund  
As at 30 June 2011 (Unaudited)

|  | Holding          | Fair<br>value<br>US\$ | % of<br>net<br>assets |
|--|------------------|-----------------------|-----------------------|
| <b>Listed/Quoted Investments (97.5%)</b> |                  |                       |                       |
| <b>(I) Debt Securities (97.7%)</b>       |                  |                       |                       |
| <b>Australian Dollar (1.1%)</b>          |                  |                       |                       |
| Commonwealth Bk Aust 5.75% 17/12/13      | AUD3,000,000     | 3,262,497             | 0.6                   |
| NSW Treasury No19 6% 01/04/19            | AUD2,500,000     | 2,827,395             | 0.5                   |
| <b>Canadian Dollar (2.8%)</b>            |                  |                       |                       |
| Canada Govt Of 3.75% 01/06/19            | CAD4,000,000     | 4,412,319             | 0.8                   |
| Canada Govt Of 5% 01/06/14               | CAD5,500,000     | 6,230,083             | 1.1                   |
| Canada Govt Of 5.75% 01/06/29            | CAD3,600,000     | 4,873,955             | 0.9                   |
| <b>Euro (27.0%)</b>                      |                  |                       |                       |
| ABN Amro Bank 4.25% 11/04/16             | EUR600,000       | 882,790               | 0.2                   |
| ABN Amro Bank 6.375% 27/04/21            | EUR338,000       | 496,578               | 0.1                   |
| Allianz Fin II VRN 5.75% 08/07/41        | EUR1,000,000     | 1,406,000             | 0.2                   |
| Austria Rep Of 3.5% 15/09/21             | EUR1,800,000     | 2,681,008             | 0.5                   |
| Autoroutes Paris-Rhin 5% 12/01/17        | EUR1,800,000     | 2,734,443             | 0.5                   |
| AXA VRN 5.25% 16/04/40                   | EUR550,000       | 736,815               | 0.1                   |
| Barclays Bank 4% 20/01/17                | EUR1,600,000     | 2,328,699             | 0.4                   |
| BBVA Senior Finance 4.875% 15/04/16      | EUR400,000       | 583,220               | 0.1                   |
| Belgium Kingdom Of No58 3.75% 09/20      | EUR2,500,000     | 3,663,250             | 0.6                   |
| BMW US Capital 5% 28/05/15               | EUR1,000,000     | 1,555,464             | 0.3                   |
| Bundesobl No150 4% 13/04/12              | EUR1,000,000     | 1,491,075             | 0.3                   |
| Bundesrep Deut 2.5% 04/01/21             | EUR7,050,000     | 10,008,458            | 1.8                   |
| Bundesrep Deut 4.25% 04/07/17            | EUR10,000,000    | 16,508,726            | 2.9                   |
| Bundesrep Deut 4.5% 04/01/13             | EUR3,700,000     | 5,719,277             | 1.0                   |
| Bundesrep Deut 4.75% 04/07/34            | EUR7,250,000     | 12,538,114            | 2.2                   |
| Bundesrep Deut No5 3.25% 04/07/15        | EUR4,000,000     | 6,243,825             | 1.1                   |
| Credit Suisse Grp VRN 3.625% 14/9/20     | EUR900,000       | 1,276,812             | 0.2                   |
| France OAT 3.25% 25/04/16                | EUR9,300,000     | 13,930,579            | 2.5                   |
| France OAT 4% 25/04/13                   | EUR2,200,000     | 3,345,078             | 0.6                   |
| France OAT 4.75% 25/04/35                | EUR2,000,000     | 3,184,147             | 0.6                   |
| GAS Natural Capital 5.625% 09/02/17      | EUR1,000,000     | 1,496,221             | 0.3                   |
| HIT Finance 5.75% 09/03/18               | EUR700,000       | 1,052,094             | 0.2                   |
| Hutchison Wham Fin(09) 4.75% 11/16       | EUR750,000       | 1,157,091             | 0.2                   |
| ING Bank 3.375% 03/03/14                 | EUR6,000,000     | 9,056,334             | 1.6                   |
| Italy Rep Of (BTP) 3.75% 15/12/13        | EUR3,500,000     | 5,127,957             | 0.9                   |
| Italy Rep Of (BTP) 4.5% 01/03/19         | EUR10,000,000    | 14,671,300            | 2.6                   |
| Linde Finance 3.875% 01/06/21            | EUR400,000       | 577,664               | 0.1                   |
| Lloyds TSB Bank 6.375% 17/06/16          | EUR950,000       | 1,463,909             | 0.3                   |
| Merck Financial Serv 4.5% 24/03/20       | EUR500,000       | 743,898               | 0.1                   |
| Metro AG 7.625% 05/03/15                 | EUR1,300,000     | 2,206,698             | 0.4                   |
| Netherlands Govt 3.5% 15/07/20           | EUR2,400,000     | 3,670,524             | 0.6                   |
| RCI Banque 4.375% 27/01/15               | EUR1,000,000     | 1,487,805             | 0.3                   |
| Royal Bk Of Canada 5.75% 25/07/11*       | EUR4,000,000     | 6,124,278             | 1.1                   |
| Royal Bk of Scotland 3.75% 14/11/11      | EUR800,000       | 1,195,868             | 0.2                   |
| Santander Intl Debt 4.25% 07/04/14       | EUR600,000       | 875,712               | 0.1                   |
| SES Global Americas 4.875% 09/07/14      | EUR1,750,000     | 2,789,392             | 0.5                   |
| Spain Kingdom Of 4.25% 31/01/14          | EUR1,600,000     | 2,379,337             | 0.4                   |
| Spain Kingdom Of 4.6% 30/07/19           | EUR3,500,000     | 5,097,540             | 0.9                   |
| <b>Japanese Yen (20.2%)</b>              |                  |                       |                       |
| Dev Bank Of Japan 1.6% 20/6/14-Intl      | JPY1,110,000,000 | 14,259,599            | 2.5                   |
| Dev Bank Of Japan 1.75% 17/03/17         | JPY320,000,000   | 4,236,086             | 0.8                   |
| Dev Bank Of Japan 2.3% 19/3/26-Intl      | JPY990,000,000   | 13,265,625            | 2.4                   |
| European Inv Bk 1.4% 20/06/17            | JPY1,350,000,000 | 17,497,208            | 3.1                   |
| Italy Rep Of (BTP) 4.5% 08/06/15         | JPY456,000,000   | 6,267,318             | 1.1                   |

Supplementary Information (Continued)

Investment Portfolio of JF SAR Global Bond Fund (Continued)

As at 30 June 2011 (Unaudited)

|                                     | Holding          | Fair<br>value<br>US\$ | % of<br>net<br>assets |
|-------------------------------------|------------------|-----------------------|-----------------------|
| <b>Japanese Yen (Continued)</b>     |                  |                       |                       |
| Japan Fin Org 1.9% 22/06/18-Intl    | JPY1,750,000,000 | 23,332,650            | 4.1                   |
| Kredit fuer Wied 1.35% 20/01/14     | JPY1,000,000,000 | 12,810,696            | 2.3                   |
| Kredit fuer Wied 2.05% 16/02/26     | JPY1,180,000,000 | 15,551,894            | 2.8                   |
| Landw Rentenbank 1.5% 20/06/14      | JPY500,000,000   | 6,406,379             | 1.1                   |
| <b>Korean Won (1.5%)</b>            |                  |                       |                       |
| Korea Try No1409 4.25% 10/09/14     | KRW9,000,000,000 | 8,604,056             | 1.5                   |
| <b>Mexican Nuevo Peso (1.5%)</b>    |                  |                       |                       |
| Mexican Bds Desarr Fix 10% 05/12/24 | MXN780,000       | 8,256,499             | 1.5                   |
| <b>Sterling (6.5%)</b>              |                  |                       |                       |
| Aegon NV 6.625% 16/12/39            | GBP600,000       | 947,872               | 0.2                   |
| Anglo American Cap 6.875% 01/05/18  | GBP500,000       | 913,147               | 0.2                   |
| Anheuser-Busch InBev 9.75% 30/07/24 | GBP500,000       | 1,196,745             | 0.2                   |
| Aviva plc VRN 6.625% 03/06/41       | GBP480,000       | 753,078               | 0.1                   |
| BAA Funding 6.75% 03/12/26          | GBP1,300,000     | 2,342,619             | 0.4                   |
| BAT Intl Finance 6.375% 12/12/19    | GBP650,000       | 1,210,203             | 0.2                   |
| Eversholt Funding 6.359% 02/12/25   | GBP700,000       | 1,131,051             | 0.2                   |
| ING Bank VRN 6.875% 29/05/23        | GBP600,000       | 1,003,534             | 0.2                   |
| Intesa Sanpaolo 5.25% 28/01/22      | GBP550,000       | 863,528               | 0.1                   |
| Lloyds TSB Bank 2.75% 16/03/12      | GBP4,000,000     | 6,550,490             | 1.2                   |
| Royal Bk Of Scotland 7.5% 29/04/24  | GBP450,000       | 783,796               | 0.1                   |
| UK Treasury 4.25% 07/06/32          | GBP2,500,000     | 4,042,430             | 0.7                   |
| UK Treasury 4.25% 07/12/46          | GBP760,000       | 1,225,251             | 0.2                   |
| UK Treasury 4.5% 07/03/13           | GBP1,500,000     | 2,590,196             | 0.5                   |
| UK Treasury 4.75% 07/09/15          | GBP4,000,000     | 7,267,312             | 1.3                   |
| UK Treasury 6% 07/12/28             | GBP1,330,000     | 2,650,985             | 0.5                   |
| Xstrata Canada Fin 7.375% 27/05/20  | GBP510,000       | 931,896               | 0.2                   |
| <b>Swedish Kroner (0.4%)</b>        |                  |                       |                       |
| Sweden Kingdom Of No1049 4.5% 08/15 | SEK14,000,000    | 2,480,432             | 0.4                   |
| <b>United States Dollar (36.7%)</b> |                  |                       |                       |
| Abbott Laboratories 5.3% 27/05/40   | USD700,000       | 709,475               | 0.1                   |
| Altria Group 4.75% 05/05/21         | USD880,000       | 887,206               | 0.2                   |
| America Movil 5% 30/03/20           | USD1,000,000     | 1,056,579             | 0.2                   |
| American Intl Group 6.4% 15/12/20   | USD1,150,000     | 1,234,082             | 0.2                   |
| Apache Corp 5.1% 01/09/40           | USD910,000       | 897,481               | 0.2                   |
| ArcelorMittal SA 6.75% 01/03/41     | USD915,000       | 908,023               | 0.2                   |
| AT&T 4.45% 15/05/21                 | USD980,000       | 1,006,964             | 0.2                   |
| AT&T 6.3% 15/01/38                  | USD750,000       | 812,393               | 0.1                   |
| Bank Of America 5.625% 14/10/16     | USD3,000,000     | 3,234,094             | 0.6                   |
| Bank Of England 2.375% 3/12-RegS    | USD5,300,000     | 5,411,455             | 1.0                   |
| Barrick NA Fin 5.7% 30/05/41-144A   | USD835,000       | 819,064               | 0.1                   |
| BNP Paribas 3.6% 23/02/16           | USD1,720,000     | 1,742,188             | 0.3                   |
| CFG Investment 9.25% 19/12/13-RegS  | USD2,000,000     | 2,056,167             | 0.4                   |
| Citigroup Inc 2.125% 30/04/12       | USD1,600,000     | 1,630,145             | 0.3                   |
| Citigroup Inc 5.375% 09/08/20       | USD2,800,000     | 2,985,112             | 0.5                   |
| Comcast Corp 6.4% 01/03/40          | USD1,150,000     | 1,264,079             | 0.2                   |
| Conocophillips 4.75% 01/02/14       | USD4,000,000     | 4,443,407             | 0.8                   |
| Encana Corp 6.625% 15/08/37         | USD850,000       | 951,607               | 0.2                   |
| Fannie Mae 7.25% 15/05/30           | USD6,000,000     | 8,144,018             | 1.4                   |
| Freddie Mac 5.5% 23/08/17           | USD4,000,000     | 4,761,022             | 0.8                   |
| General Elec Cap 3% 09/12/11        | USD3,000,000     | 3,042,700             | 0.5                   |
| General Elec Cap 3.75% 11/14-Ser A  | USD2,900,000     | 3,103,945             | 0.6                   |
| General Elec Cap 4.375% 16/09/20    | USD1,500,000     | 1,495,291             | 0.3                   |
| Georgia Power No07-A 5.65% 01/03/37 | USD445,000       | 470,753               | 0.1                   |

Supplementary Information (Continued)  
Investment Portfolio of JF SAR Global Bond Fund (Continued)  
As at 30 June 2011 (Unaudited)

|  | Holding       | Fair<br>value<br>US\$ | % of<br>net<br>assets |
|--|---------------|-----------------------|-----------------------|
| <b>United States Dollar</b> (Continued)                |               |                       |                       |
| Goldman Sachs 3.25% 15/06/12                           | USD2,500,000  | 2,573,161             | 0.5                   |
| Goldman Sachs 6.25% 01/02/41                           | USD535,000    | 558,044               | 0.1                   |
| HCP Inc 5.375% 01/02/21                                | USD735,000    | 773,948               | 0.1                   |
| HK Airport Auth 5% 16/9/13                             | USD2,000,000  | 2,177,367             | 0.4                   |
| HK Mortgage 3.5% 04/08/14                              | USD3,200,000  | 3,393,893             | 0.6                   |
| Home Depot 5.95% 01/04/41                              | USD645,000    | 675,047               | 0.1                   |
| HSBC Hldgs 5.1% 05/04/21                               | USD1,265,000  | 1,320,525             | 0.2                   |
| HSBC Hldgs 5.25% 12/12/12                              | USD1,710,000  | 1,804,342             | 0.3                   |
| Hut Wham Int09 7.625% 4/19-RegS                        | USD1,100,000  | 1,327,225             | 0.2                   |
| Kinder Morgan Energy 6.375% 1/3/41                     | USD925,000    | 973,589               | 0.2                   |
| Korea Expressway 4.5% 23/03/15-RegS                    | USD900,000    | 954,765               | 0.2                   |
| Kraft Foods 5.375% 10/02/20                            | USD1,400,000  | 1,558,678             | 0.3                   |
| Mack-Cali Realty 7.75% 15/08/19                        | USD750,000    | 924,205               | 0.2                   |
| Metlife Inc 6.75% 01/06/16                             | USD2,000,000  | 2,376,250             | 0.4                   |
| Morgan Stanley 5.75% 25/01/21                          | USD1,440,000  | 1,526,035             | 0.3                   |
| Oneok Partners 6.125% 01/02/41                         | USD1,000,000  | 1,061,252             | 0.2                   |
| Parkson Retail 7.875% 14/11/11                         | USD2,500,000  | 2,571,953             | 0.5                   |
| Prudential Financial 7.375% 15/6/19                    | USD2,100,000  | 2,492,609             | 0.4                   |
| RCI Banque 4.6% 12/04/16-144A                          | USD870,000    | 901,693               | 0.2                   |
| SFEF 3.375% 05/05/14-RegS                              | USD3,800,000  | 4,048,330             | 0.7                   |
| Societe Generale 5.2% 15/04/21-144A                    | USD1,675,000  | 1,635,511             | 0.3                   |
| Standard Chart plc 5.5% 11/14-RegS                     | USD2,250,000  | 2,477,181             | 0.4                   |
| Suncor Energy 6.1% 01/06/18                            | USD1,550,000  | 1,808,220             | 0.3                   |
| Telecom Italia Cap 7.721% 04/06/38                     | USD685,000    | 683,966               | 0.1                   |
| Telefonica Emis 5.462% 16/02/21                        | USD1,100,000  | 1,143,794             | 0.2                   |
| Time Warner 6.25% 29/03/41                             | USD930,000    | 989,673               | 0.2                   |
| Time Warner Cable 5.875% 15/11/40                      | USD640,000    | 641,822               | 0.1                   |
| US Treasury 2.125% 31/12/15                            | USD31,500,000 | 32,311,466            | 5.7                   |
| US Treasury 2.625% 15/11/20                            | USD23,270,000 | 22,475,389            | 4.0                   |
| US Treasury 3.125% 15/05/21                            | USD5,300,000  | 5,302,934             | 0.9                   |
| US Treasury 3.5% 15/02/18                              | USD7,100,000  | 7,707,000             | 1.4                   |
| US Treasury 4.5% 15/02/16                              | USD14,000,000 | 16,067,622            | 2.8                   |
| US Treasury 4.625% 15/11/16                            | USD17,200,000 | 19,736,473            | 3.5                   |
| US Treasury 5.375% 15/02/31                            | USD1,175,000  | 1,401,965             | 0.2                   |
| Vale Overseas 4.625% 15/09/20                          | USD1,000,000  | 1,002,318             | 0.2                   |
| Verizon Communications 4.6% 1/04/21                    | USD1,850,000  | 1,935,735             | 0.3                   |
| Wachovia Bank 5.6% 15/03/16                            | USD2,000,000  | 2,207,078             | 0.4                   |
| Watson Pharm 6.125% 15/08/19                           | USD500,000    | 575,713               | 0.1                   |
|  |               | 550,630,825           | 97.7                  |
| <b>(II) Forward foreign exchange contracts</b> (-0.2%) |               | (908,372)             | (0.2)                 |
| <b>Total Listed/Quoted Investments</b>                 |               | 549,722,453           | 97.5                  |

Supplementary Information (Continued)  
Investment Portfolio of JF SAR Global Bond Fund (Continued)  
As at 30 June 2011 (Unaudited)

|   | Fair<br>value<br>US\$ | % of<br>net<br>assets |
|---|-----------------------|-----------------------|
| <b>Other net assets (2.5%)</b>  |                       |                       |
| Cash at banks   | 1,105,967             | 0.1                   |
| Accounts receivable   |                       |                       |
| Short term deposits   | 21,400,000            | 3.8                   |
| Amounts due from brokers  | 5,774,741             | 1.0                   |
| Amounts receivable on allotment   | 553,322               | 0.1                   |
| Interest and other accounts receivable  | 14,262                | 0.0                   |
| Accounts payable  |                       |                       |
| Bank overdraft  | (4,002)               | (0.0)                 |
| Amounts due to brokers  | (14,703,096)          | (2.6)                 |
| Amounts payable on redemption   | (279,211)             | (0.0)                 |
| Other accounts payable  | (165,000)             | (0.0)                 |
| Fair value adjustment of units of the Fund                                    | 473,831               | 0.1                   |
| <b>Total other net assets</b>   | <u>14,170,814</u>     | <u>2.5</u>            |
| <b>Net assets attributable to holders of redeemable units at 30 June 2011</b> | <u>563,893,267</u>    | <u>100.0</u>          |
| <b>Total investments, at cost</b>   | <u>500,463,289</u>    |                       |

\* Issued by an Associated/Connected Person of the Trustee and the Manager of JF SAR Global Bond Fund

**Performance Record - Unaudited**

**Net Asset Values**

| At financial period ended | Net asset value<br>of the Fund<br>HK\$ | Net asset value<br>per investment unit<br>HK\$ | Net asset value<br>per administration unit<br>HK\$ |
|---------------------------|--|--|--|
| 30/6/11                   | 29,010,585                             | 109.59   | 106.52   |
| 30/6/10                   | 21,797,683                             | 103.26   | 100.97   |
| 30/6/09                   | 17,466,220                             | 99.93  | 98.30  |

**Highest Offer/Lowest Bid Prices**

| <u>Financial period ended</u> | <u>Highest offer</u><br>HK\$ | <u>Lowest bid</u><br>HK\$ |
|-------------------------------|------------------------------|---------------------------|
| Investment unit               |                              |                           |
| 30/6/11                       | 111.02                       | 103.75                    |
| 30/6/10                       | 106.46                       | 100.15                    |
| 30/6/09                       | 101.48                       | 91.73                     |
| 30/6/08                       | 100.54                       | 91.23                     |
| 30/6/07 (since inception)     | 100.44                       | 91.19                     |
| Administration unit           |                              |                           |
| 30/6/11                       | 107.95                       | 101.44                    |
| 30/6/10                       | 104.46                       | 98.52                     |
| 30/6/09                       | 100.15                       | 90.59                     |
| 30/6/08                       | 99.67                        | 90.82                     |
| 30/6/07 (since inception)     | 100.35                       | 90.82                     |

## Management and Administration

### Manager and Service Provider

JPMorgan Funds (Asia) Limited  
21/F, Chater House  
8 Connaught Road Central  
Hong Kong

### Investment Manager

JF Asset Management Limited  
21/F, Chater House  
8 Connaught Road Central  
Hong Kong

### Directors of the Manager

as at 13 October 2011  
Ann Kui Ching Kao  
Edwin Tsun Kay Chan  
Elsie Pui Shan Leung  
Ken Wai Ming Tam  
Leo Ka Kui Cheung  
Lily Suet Lai Lau  
Marco Ka Nam Tang  
Terry San Kong Pan

### Administrator/Trustee and Registrar

Royal Bank of Canada Trust Company  
(Cayman) Limited  
P.O. Box 1586, 24 Shedden Road  
Grand Cayman  
Cayman Islands  
British West Indies

### Auditor

PricewaterhouseCoopers  
P.O. Box 258  
Strathvale House  
Grand Cayman KY1-1104  
Cayman Islands  
British West Indies

[www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)